OLDFIELDS HOLDINGS LIMITED

ABN: 92 000 307 988

APPENDIX 4D

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Oldfields Holdings Limited ABN 92 00 307 988

Interim Financial Report

APPENDIX 4D - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

1. Results for announcement to the market

	Dec-18 $'000	Dec-17 $'000	Movement Up / (Down) $'000	 %
Revenues from ordinary activities	12,305	13,404	(1,099)	(8.2)
(Loss) profit before revaluation of derivative financial instruments & income tax	(47)	264	(311)	(117.6)
(Loss) profit from ordinary activities after tax attributable to the owners	(214)	1,302	(1,516)	(116.4)
(Loss) profit after tax attributable to members of the parent entity	(427)	1,136	(1,563)	(137.6)

The Group's net profit after tax has decreased to a loss of $214,000 for the six months ended 31 December 2018 compared to a profit of $1,302,000 for the six months ended 31 December 2017. The 2017 result included a fair value adjustment to the Group's DSLN of $1,161,000. Lower revenues from both primary operating segments, consumer products and scaffolding, were as a result of an increase in competition and a softening of the Australian building industry. During the six months to 31 December 2018, the business has streamlined processes to lower its operating costs and believes the full benefit will be gained in the second half of the year.

2. Review of operations and financial results

Refer to the accompanying Half-Year Financial Report for Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

Also refer to the Directors' Report in the accompanying Half-Year Financial Report for details on the result, including segment information and operating performance for the half-year ended 31 December 2018.

3. Dividends

No dividends have been paid or proposed during the half-year to members of Oldfields Holdings Limited.

4. Net tangible assets per security

	Dec-18 Cents per Share	Dec-17 Cents per Share
Net assets per security	5.486	6.269
Net tangible asset backing per ordinary security	4.447	5.219

5. Control gained or lost over entities

There was no control gained or lost over entities by the Group during the reporting period.

6. Details of associates and joint venture entities

The Group had no investment in associates and joint ventures during the reporting period.

7. Review status

The Oldfields Holdings Limited Half-Year Financial Report for the Period Ended 31 December 2018 has been subject to review by our external auditors. A copy of the Independent Review Report to the Owners of Oldfields Holdings Limited is included in the accompanying Half-Year Report.

Gregory John Park (Company Secretary)

Dated: 28 February 2019

oldfields

Half Year Report

Ended 31 December 2018

ABN 92 000 307 988

2018

www.oldfields.com.au

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Directors' Report

Your Directors present their report on the consolidated entity (referred to herein as the "Group") consisting of Oldfields Holdings Limited (referred to herein as the "Company" or "Parent Entity") and its controlled entities for the half-year ended 31 December 2018.

Directors

The names and details of the Directors of Oldfields Holdings Limited during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Richard John Abela	Managing Director
William Lewis Timms	Non-executive Director and Chairman
Stephen Charles Hooper	Non-executive Director
Gregory John Park	Executive Director

Principal Activities

The principal activities of the Group during the period were:

- import and distribution of paint brushes, paint rollers, painter's tools and accessories;
- distribution of garden sheds;
- hire and erection of scaffolding and related products; and
- manufacture and distribution of scaffolding and related equipment.

There were no significant changes in the nature of the Group's principal activities during the financial period. The majority of operations are conducted in Australia.

Review of Operations and Financial Results

Operating Results

Net operating loss for the Group after providing for income tax amounted to $214,000 for the half-year ended 31 December 2018 (2017: Profit $1,302,000).

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") of $588,000 reduced by 36% from the prior corresponding period of $916,000.

The following table summarises the key reconciling items between statutory profit (loss) after income tax attributable to the shareholders of the Group and EBITDA. EBITDA is a financial measure which is not prescribed by Australian Accounting Standard ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items.

	Dec-18 $'000	Dec-17 [(1)] $'000	Dec-16 $'000	Dec-15 $'000	Dec-14 $'000
Sales revenue	**12,305**	**13,404**	**14,344**	**15,036**	**13,672**
Profit/(loss) after income tax	**(214)**	**1,302**	**360**	**36**	**(429)**
Income tax expense	154	123	113	189	124
Profit/(loss) before income tax	(60)	1,425	473	225	(305)
Revaluation of deferred senior loan note	13	(1,161)	142	127	114
Profit/(loss) before income tax and revaluation	(47)	264	615	352	(191)
Depreciation and amortisation expense	438	430	378	519	636
Net finance costs	194	215	156	199	229
Unrealised foreign exchange losses	3	7	-	2	-
EBITDA	**588**	**916**	**1,149**	**1,072**	**674**

The Group's revenue from continuing operations for the half-year ended 31 December 2018 was $12,305,000 (2017: $13,404,000), a decrease of 8% compared with the prior period. Consumer division revenue decreased $389,000 (14%) while the Scaffold division revenue decreased $781,000 (7%).

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018. Note 4 outlines the impact of adopting AASB 15 using the cumulative effect method, under which the comparative information is not restated.

Directors' Report (continued)

Review of Operations and Financial Results (continued)

The Group's net loss after tax was $214,000 (2017: Profit $1,302,000). The 2017 result included a fair value adjustment to the Group's DSLN of $1,161,000. Excluding the DSLN adjustment, the prior year profit after income tax was $141,000. While first half sales revenues in both primary operating segments were down on the prior period, the business has streamlined processes to lower its operating costs and believes the full benefit will be gained in the second half of the year. Gross profit margins decreased from 48.2% to 47.3% due to competition in the market and the lower value of the Australian dollar increasing the cost of purchases.

Net cash provided by operating activities was $578,000 for the six months ended 31 December 2018, compared to $529,000 for the six months ended 31 December 2017. The Group continues to have a strong focus on lowering inventory within the supply chain and other measures to reduce the level of working capital required.

Review of Operations

(i) Consumer Products - Paint Applications and Outdoor Storage Solutions

Revenue for the consumer division decreased by 14% ($389,000) the first half of the year. Despite lower segment sales, the EBITDA loss of $382,000 was less than the prior year's loss of $540,000.

Paint division sales declined $379,000 predominantly as a result of Oldfields no longer selling through the Mitre 10 warehouse system due to prohibitive trading terms. Sales to paint specialist retailers increased 8% compared to the prior year assisted by the launch of the Pro-Series range of brushes in November 2017. The Paint division is continuing to develop its innovation program and will be launching new and improved products in the second half of the current year.

Sales within the outdoor storage segment have decreased from $117,000 to $107,000 for the first half of the year. Following the closure of manufacturing in the prior year, sheds will continue to be predominantly sold online direct to the public to sell down remaining inventories. The division has no carrying value of assets other than inventory which is held at the lower of cost or net realisable value.

(ii) Scaffolding Division

For the six months ended 31 December 2018 the Scaffold division revenues decreased $781,000 compared to the previous period. While overall hire and erection revenues were flat, branch incomes varied between strong growth in some states versus declines in others. As the Australian building industry is no longer as strong as it has recently been, it reinforces the importance of the strategy of developing counter cyclical revenue channels. The Group has continued to invest in additional hire fleet with the expectation of stronger results in the second half of the 2019 financial year and future years.

National and international scaffold sales where 31% lower than the prior year due to a number of key customers with reduced demand. In the first half of the 2019 financial year there has been considerable success in improved efficiencies and reduction of lead times by our China based manufacturing facility. It is expected that such improvements will enable the Group to open new sales markets.

Financial Position

The net assets of the Group have decreased by $830,000 from $5,338,000 at 30 June 2018 to $4,508,000 at 31 December 2018. The initial application of AASB 15 resulted in a $482,000 decrease in retained earnings.

A key area of focus for the second half of the 2019 financial year will be to concentrate on profitable growth opportunities to improve the net asset position of the Group.

Outlook

The Directors view the trading environment to be challenging throughout the oncoming year. Growth strategies such as the development of new products and expanding channels is providing confidence for an improvement in the second half of the financial year despite the downturn in the building industry. The management team remains focused on driving for critical mass that will deliver sustainable long term profits.

Significant Changes in State of Affairs

There have been no other significant changes in the state of affairs during or since the half-year ending 31 December 2018.

Dividends

Since the start of the financial year, no dividends have been paid or declared by Oldfields Holdings Limited.

Directors' Report (continued)

Events after the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2018 which significantly affect or could affect the operations of the Group in future years.

Rounding

The parent entity has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191).* Accordingly, amounts contained in this report and in the interim financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This Directors' Report is signed in accordance with the resolution of the Board of Directors.

Richard Abela

Dated: 28 February 2019

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Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED

As lead auditor for the review of Oldfields Holdings Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Oldfields Holdings Limited and the entities it controlled during the period.

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 28 February 2019

Half-Year Financial Report

General Information

The interim financial report includes the consolidated financial statements for Oldfields Holdings Limited (the ultimate parent entity) and its controlled entities ("Oldfields" or the "Group"). The interim financial report is presented in Australian dollars, which is Oldfields Holdings Limited's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Oldfields Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is :
8 Farrow Road
Campbelltown, NSW, 2560, Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the interim financial report. The interim financial report was authorised for issue with a resolution of Directors on 28 February, 2019. The Directors have the power to amend and reissue the interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2018

	Note	Dec-18 $'000	Dec-17 [1] $'000
Sales revenue	4	12,305	13,404
Cost of sales		(6,489)	(6,939)
Gross profit		5,816	6,465
Other income		13	3
Expenses:			
Other expenses from ordinary activities:			
Sales & distribution expenses		(3,765)	(4,003)
Marketing expenses		(101)	(182)
Occupancy expenses		(756)	(696)
Administrative expenses		(1,060)	(1,108)
Finance costs		(194)	(215)
(Loss) Profit before revaluation of derivative financial instruments and income tax		(47)	264
Revaluation of deferred senior loan note derivative component		(13)	1,161
(Loss) Profit before income tax		**(60)**	**1,425**
Tax expense		(154)	(123)
Net (loss) profit for the period		**(214)**	**1,302**
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value gains on cash flow hedges (effective portion), net of tax		-	-
Exchange differences on translating foreign operations, net of tax		(4)	8
Other comprehensive income for the period, net of tax		**(4)**	**8**
Total comprehensive income for the period		**(218)**	**1,310**
Net (loss) profit for the period attributable to:			
Members of the parent entity		(427)	1,136
Non-controlling interest		213	166
Total net (loss) profit for the period		**(214)**	**1,302**
Comprehensive income attributable to:			
Members of the parent entity		(431)	1,144
Non-controlling interest		213	166
Total comprehensive income for the period		**(218)**	**1,310**

	Note	Cents	Cents
Earnings per share from continuing operations attributable to members of the parent entity:			
Basic (loss) profit per share	6 (c)	(0.520)	1.382
Diluted (loss) profit per share	6 (c)	(0.520)	1.382

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018. Note 4 outlines the impact of adopting AASB 15 using the cumulative effect method, under which the comparative information is not restated.

Consolidated Statement of Financial Position

As at 31 December 2018

	Dec-18 $'000	Jun-18 [1] $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	728	720
Trade and other receivables	3,263	3,542
Inventories	2,452	2,677
TOTAL CURRENT ASSETS	6,443	6,939
NON-CURRENT ASSETS		
Property, plant and equipment	4,971	4,841
Intangible assets	854	858
TOTAL NON-CURRENT ASSETS	5,825	5,699
TOTAL ASSETS	**12,268**	**12,638**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	2,093	2,267
Deferred revenue	394	-
Borrowings	1,697	1,481
Current tax liabilities	42	75
Employees benefit obligations	803	844
TOTAL CURRENT LIABILITIES	5,029	4,667
NON-CURRENT LIABILITIES		
Borrowings	1,742	1,562
Deferred tax liabilities	125	208
Employees benefit obligations	105	117
Derivative financial instruments	759	746
TOTAL NON-CURRENT LIABILITIES	2,731	2,633
TOTAL LIABILITIES	**7,760**	**7,300**
NET ASSETS	**4,508**	**5,338**
EQUITY		
Issued capital	21,106	21,106
Other reserves	34	38
Accumulated loss	(17,404)	(16,534)
Parent interest	3,736	4,610
Non-controlling interest	772	728
TOTAL EQUITY	**4,508**	**5,338**

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018. Note 4 outlines the impact of adopting AASB 15 using the cumulative effect method, under which the comparative information is not restated.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued Capital $'000	Other Reserves $'000	Retained Earnings [1] $'000	Subtotal $'000	Non-Controlling Interests [1] $'000	Total $'000
Balance at 1 July 2018	21,106	38	(16,534)	4,610	728	5,338
Adjustment on initial application of AASB 15			(443)	(443)	(39)	(482)
Adjusted balance at 1 July 2018	21,106	38	(16,977)	4,167	689	4,856
Comprehensive income						
Profit (loss) for the period	-	-	(427)	(427)	213	(214)
Other comprehensive income for the period	-	(4)	-	(4)	-	(4)
Total comprehensive income for the period	-	(4)	(427)	(431)	213	(218)
Transactions with owners, in their capacity as owners:						
Dividends provided for or paid	-	-	-	-	(130)	(130)
Total transactions with owners and other transfers	-	-	-	-	(130)	(130)
Balance at 31 December 2018	**21,106**	**34**	**(17,404)**	**3,736**	**772**	**4,508**

For the half-year ended 31 December 2017

	Issued Capital $'000	Other Reserves $'000	Retained Earnings $'000	Subtotal $'000	Non-Controlling Interests $'000	Total $'000
Balance at 1 July 2017	21,106	8	(17,790)	3,324	782	4,106
Comprehensive income						
Profit (loss) for the period	-	-	1,136	1,136	166	1,302
Other comprehensive income for the period	-	8	-	8	-	8
Total comprehensive income for the period	-	8	1,136	1,144	166	1,310
Transactions with owners, in their capacity as owners:						
Dividends provided for or paid	-	-	-	-	(264)	(264)
Total transactions with owners and other transfers	-	-	-	-	(264)	(264)
Balance at 31 December 2017	**21,106**	**16**	**(16,654)**	**4,468**	**684**	**5,152**

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018. Note 4 outlines the impact of adopting AASB 15 using the cumulative effect method, under which the comparative information is not restated.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2018

	Note	Dec-18 $'000	Dec-17 $'000
OPERATING ACTIVITIES			
Receipts from customers		13,829	14,401
Payments to suppliers and employees		(12,942)	(13,603)
		887	798
Other income received		13	3
Finance costs		(52)	(64)
Income tax paid		(270)	(208)
Net cash provided by operating activities		**578**	**529**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		8	6
Purchase of property, plant and equipment		(662)	(841)
Purchase of intangibles		-	(10)
Net cash used in investing activities		**(654)**	**(845)**
FINANCING ACTIVITIES			
Proceeds from borrowings		424	351
Repayment of borrowings		(395)	(625)
Loan from related party			
- proceeds from borrowings	10	200	-
Dividends paid by controlled entities to non-controlling interests		(169)	(264)
Net cash provided by (used in) financing activities		**60**	**(538)**
Net decrease in cash and cash equivalents		**(16)**	**(854)**
Net decrease in cash and cash equivalents		(16)	(854)
Cash and cash equivalents at beginning of the period		(172)	731
Cash and cash equivalents at end of the period	5	**(188)**	**(123)**

The accompanying notes form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

1. Summary of Significant Accounting Policies

This general purpose interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Statement of Compliance

This general purpose interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and *Corporations Act 2001* .

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. All other accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of Preparation

The interim financial statements have been prepared on the historical cost basis except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

Comparative figures have been adjusted to conform to changes in classification and presentation for the current period.

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The interim financial statements are presented in Australian dollars which is the Parent Entity's functional currency.

Rounding

The parent entity has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* . Accordingly, amounts in the interim financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Key Judgements, Estimates and Assumptions

In the process of applying the Group's accounting polices, management has made a number of judgements, applied estimates and assumptions of future events.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Going Concern

As disclosed in the consolidated financial statements, the Group generated a loss after tax of $214,000 for the half-year ended 31 December 2018 (2017: profit $1,302,000). The Directors are confident that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report for the following reasons:

- The Group anticipates to improve profit over the next 12 months and continues to implement a strategic plan to achieve this objective;
- The Group's results for the month of January 2019 were above forecast;
- The Group generated a positive cash flow from operating activities of $578,000 during the half year and the forecast cash flows for the next 12 months indicate an improvement to operating cash flows;
- The Group is in discussions with its banker to extend the current backing facilities to 1 September 2020.

2. Changes in Accounting Policies

2.1 New and Revised Standards that are Effective for these Financial Statements

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The Group has initially applied AASB 15 and AASB 9 at 1 July 2018. Note 4 outlines the impact of adopting AASB 15 using the cumulative effect method, under which the comparative information is not restated. Note 8 outlines no material impact on implementation of AASB 9 to the Group's financial position.

2.2 New and Revised Standards that are Effective for Future Periods

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2019. Information on the more significant standards is present below.

AASB 16: Leases

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The Directors initial assessment of the impact of AASB 16 has determined that it will have a material impact on the Group's financial statements. The Group will decide on the transition method it will adopt. It is noted that the application of AASB 16 will not impact the statement of cash flows.

3. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by Chief Operating Decision Maker (CODM), being the Board of Directors, in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:
- The products sold and/or services provided by the segment;
- The manufacturing process;
- The type or class of customer for the products or service;
- The distribution method; and
- Any external regulatory requirements.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Unless stated otherwise, all amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

The primary operating segments during the current financial period were:

(i) **Consumer Products**
The consumer products segment imports, manufactures and distributes paint brushes, paint rollers, painter's tools, garden sheds and outdoor storage systems.

(ii) **Scaffolding**
The scaffolding segment manufactures and distributes scaffolding and related equipment. In addition, this segment is engaged in hiring scaffolding and access solutions to the building maintenance and construction industries.

3. Segment Information (continued)

3.1 Operating Segment Performance

Six months to 31 December 2018

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	2,300	10,010	(5)	12,305
Total segment revenue	2,300	10,010	(5)	12,305
Other income	8	5	-	13
Total other income	8	5	-	13
Total revenue and other income	**2,308**	**10,015**	**(5)**	**12,318**
Adjusted segment EBITDA	**(370)**	**1,060**	**(102)**	**588**
Depreciation and amortisation expense	(11)	(417)	(10)	(438)
Finance costs	(1)	(6)	(187)	(194)
Unrealised foreign exchange loss	-	(3)	-	(3)
Profit before revaluation of derivative financial instruments and income tax	(382)	634	(299)	(47)
Fair value adjustment to DSLN	-	-	(13)	(13)
Profit (loss) before income tax	**(382)**	**634**	**(312)**	**(60)**
Income tax expense	-	(154)	-	(154)
Profit (loss) after income tax	**(382)**	**480**	**(312)**	**(214)**

Six months to 31 December 2017

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	2,689	10,791	(76)	13,404
Total segment revenue	2,689	10,791	(76)	13,404
Other income	3	-	-	3
Total other income	3	-	-	3
Total revenue and other income	**2,692**	**10,791**	**(76)**	**13,407**
Adjusted segment EBITDA	**(525)**	**1,506**	**(65)**	**916**
Depreciation and amortisation expense	(13)	(387)	(30)	(430)
Finance costs	(1)	(7)	(207)	(215)
Unrealised foreign exchange loss	(1)	(6)	-	(7)
Profit before revaluation of derivative financial instruments and income tax	(540)	1,106	(302)	264
Fair value adjustment to DSLN	-	-	1,161	1,161
Profit (loss) before income tax	**(540)**	**1,106**	**859**	**1,425**
Income tax expense	-	(123)	-	(123)
Profit (loss) after income tax	**(540)**	**983**	**859**	**1,302**

All inter-segment transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on a segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Adjusted segment EBITDA excludes discontinued operations and the effects of individually significant expenditure, such as restructuring costs, legal expenses, and impairments when the impairment is the result of an isolated non-recurring event. It also excludes the effects of equity-settled share-based payments when applicable and unrealised gains or losses on financial instruments.

Interest revenue and finance cost are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

3. Segment Information (continued)

3.2 Operating Segment Assets and Liabilities

As at 31 December 2018	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	1,503	13,625	(2,859)	12,268
Segment liabilities	(1,331)	(993)	(5,436)	(7,761)
Segment net assets	**171**	**12,631**	**(8,295)**	**4,508**

As at 30 June 2018	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	2,342	13,479	(3,184)	12,637
Segment liabilities	(1,789)	(714)	(4,796)	(7,299)
Segment net assets	**553**	**12,765**	**(7,980)**	**5,338**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances segment assets are clearly identifiable on the basis of their nature and physical location.

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

4. Revenue and Other Income

The Group derives the following types of revenue:

	Dec-18 $'000	Dec-17 $'000
Sales revenue		
Sale of goods	4,338	5,363
Hire and erection revenue	7,967	8,041
Total sales revenue	12,305	13,404
Other income		
Other income	13	3
Total other income	13	3
Total revenue and other income from continuing operations	**12,318**	**13,407**

4.1 Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and rebates payables. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. Revenue is stated net of the amount of goods and services tax.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from hire of equipment is recognised when the service is provided.

Interest revenue is recognised using the effective interest method.

4. Revenue and Other Income (continued)

AASB 15: Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. It supersedes existing guidance included in *AASB 118 Revenue* and other revenue related accounting interpretations. The core principle of AASB 15 is to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the Group expects to be entitled in exchange for those goods or services. AASB 15 includes the following:

- Outlines a five-step revenue recognition model which determines the timing and amount of revenue recognised. The five-step mode requires:
  1. contracts (either written, verbal or implied) to be identified,
  2. together with the separate performance obligations within the contract,
  3. determination of the transaction price, adjusted for the time value of money excluding credit risk,
  4. allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist, and
  5. recognition of revenue when each performance obligation is satisfied.
- Provides new and more detailed guidance on specific topics e.g. multiple element arrangements, variable consideration, rights of return etc.
- Increases the volume of disclosure around types of revenue and the amounts recognised.

The impact of applying the new requirements of AASB 15 relate to the identification and recognition of the separate performance obligations within scaffolding voids contracts. Amounts received from customers in advance of services provided are classified as deferred revenue under the requirements of AASB 15.

The Group has applied AASB 15 using the cumulative effect method without practical expedients on the date of initial application, 1 July 2018. This application resulted in an adjustment to retained earnings as at 1 July 2018 and no adjustments to the comparative period presented. The impacts recognised in the Group financial report for the half-year ended 31 December 2018 were:

- $482,000 reduction to retained earnings at 1 July 2018, and
- $87,000 net increase to profit after tax for the current period.

4.2 Key Judgements, Estimates and Assumptions: Revenue Recognition

Hire and Erection Revenue

Revenue recognition relating to the provision of hire equipment services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

5. Cash and Cash Equivalents

	Dec-18 $'000	Jun-18 $'000
Cash on hand	3	2
Cash at bank	725	718
Total cash and cash equivalents	**728**	**720**

Reconciliation to cash flow statement

The above cash balance is reconciled to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	Dec-18 $'000	Dec-17 $'000
Cash and cash equivalents	728	806
Bank overdrafts	(916)	(929)
Balances per statement of cash flows	**(188)**	**(123)**

6. Earnings Per Share

		Dec-18 $'000	Dec-17 $'000
(a)	Reconciliation of earnings to profit or loss		
	(Loss) Profit for the period	(214)	1,302
	Less: Profit attributable to non-controlling equity interest	(213)	(166)
	(Loss) Profit used to calculate basic EPS	**(427)**	**1,136**

		Dec-18 No.	Dec-17 No.
(b)	**Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS**	**82,176,198**	**82,176,198**

		Dec-18 Cents	Dec-17 Cents
(c)	**(Loss) Profit per share**	**(0.520)**	**1.382**

7. Commitments and Contingencies

There has been no significant movements in commitments or contingencies since the previous reporting period, being 30 June 2018.

8. Fair Value Measurements of Financial Instruments

AASB 9: Financial Instruments

This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurements; impairment; and hedge accounting.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. AASB 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- Amortised cost;
- Fair Value through Other Comprehensive Income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair Value through Profit or Loss ("FVTPL").

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 31 December 2018, the Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Cash and cash equivalents and trade and other receivables previously designated as loans and receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables and borrowings are designated as other financial liabilities, which are measured at amortised cost.

The Group has adopted AASB 9 retrospectively in accordance with the standard. Changes in accounting policies resulting from the adoption of AASB 9 do not have a material impact on the Groups consolidated financial statements.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Derivative financial instruments

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

8. Fair Value Measurements of Financial Instruments (continued)

8.1 Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

Recurring fair value measurements	Dec-18 Level 2 $'000	Jun-18 Level 2 $'000
Derivative element of DSLN	759	746
Total liabilities recognised at fair value	**759**	**746**

There were no transfers between levels for assets or liabilities measured at fair value on a recurring basis during the reporting period (2017: no transfers).

8.2 Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

The derivative element of the Deferred Senior Loan Note (DSLN) of $758,000 (June 2018: $746,000) has been valued using Level 2 inputs which are included in the terms and conditions of this instrument. The main terms of the DSLN are as follows:

- The DSLN is secured against assets of the Group and has a 10 year maturity date of 21 December 2022;
- Interest calculated at 12% p.a. was payable upon early repayment up to 21 December 2017;
- From 21 December 2017 and up to the maturity date, the lower of interest calculated at 12% p.a. or a redemption premium is payable;
- The premium is equivalent to the difference between the Face Value of the DSLN and the market value. Market value is determined by the volume weighted average share price (VWAP) 15 business days prior to the redemption or maturity date as applicable multiplied by 23,702,240 reference shares;
- If the market value of the reference shares as calculated to be lower than the Face Value of the DSLN, the redemption premium is deemed to be nil and the only repayment due will be the Face Value of the DSLN;
- The bank is also entitled to receive a payment to the equivalent value of any dividend payment if made by the Group prior to the maturity date of the DSLN; and
- Other normal conditions apply in respect to meeting gearing and interest cover ratios.

The core debt has been discounted by 12% to net present value over the expected term of the DSLN (i.e. 10 years) and is included in non-current borrowings. The derivative element has been fair valued including considering the redemption premium payable under the DSLN. Should the Group repay or partially repay the DSLN before the maturity date, the total amount payable could significantly differ from the respective carrying amounts such that the final premium is only determinable by the VWAP 15 business days prior to the redemption or maturity date.

An external consultant independently assessed the valuation of the redemption premium of the DSLN as at 30 June 2018 and determined a fair value of $746,000. The fair value was based on the Black-Scholes Pricing Model. The Directors have recognised the fair value of $759,000 as at 31 December 2018 which resulted in a $13,000 loss on revaluation of DSLN derivative component recognised in the consolidated statement of profit or loss and other comprehensive income.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Due to their short-term natures, the carrying amounts of current receivables, current trade and other payables and current interest bearing liabilities is assumed to approximate their fair value.

9. Events After the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2018 which significantly affect or could affect the operations of the Group in future years.

10. Related Party Transactions

Ultimate controlling entity
Oldfields Holdings Limited (incorporated in Australia).

Transactions with related parties	Dec-18 $'000	Dec-17 $'000
The following transactions occurred with related parties:		
Dividends paid to Sibley Investments Pty Ltd, holder of minority interest in Adelaide Scaffold Solutions Pty Ltd	130	264

Loans from related parties	Dec-18 $'000	Dec-17 $'000
Loan payable to W & C Timms, being a related party of William Lewis Timms (non-executive director)		
Beginning of the year	-	-
Loan received	200	-
Loan repayments made	-	-
Interest charged	-	-
Interest paid	-	-
End of the year	**200**	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Terms and conditions
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The related party loan is repayable on call subject to the Group's bankers approval and accrues interest at the same rate as the bank bill facility.

Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes thereto are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (b) give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Richard Abela

Dated: 28 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oldfields Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Oldfields Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.* As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 28 February 2019

Corporate Directory

Directors

Richard John Abela
William Lewis Timms
Stephen Charles Hooper
Gregory John Park

Share Register

Boardroom Pty Ltd
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Sydney NSW 2000

Company Secretary

Gregory John Park

Website

www.oldfields.com.au

Banker

Westpac Banking Corporation
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Sydney NSW 2000

Registered Office

Oldfields Holdings Limited
8 Farrow Road,
Campbelltown NSW 2560

Auditor

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000

Principal Place of Business

Oldfields Holdings Limited
8 Farrow Road,
Campbelltown NSW 2560

Stock Exchange Listing

Oldfields Holdings Limited shares are listed on
the Australian Securities Exchange
(ASX code: OLH)